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Caribbean Basin

Food Service - Hotel Restaurant Institutional

Turks and Caicos Islands

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Report Highlights:
U.S. suppliers will find the HRI food service sector of the small and sleepy Turks and Caicos Islands (TCI) a magnet for U.S. food products. With practically no farm production of its own and a growing number of visitors each year, this high-end tourist destination imports virtually all of its food needs. Less than 600 miles from South Florida, TCI hosts an import-friendly regulatory environment, and channels all its container service through Miami, all converging to make this an ideal export market for U.S. suppliers.

Post:
Miami ATO

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Author Defined:

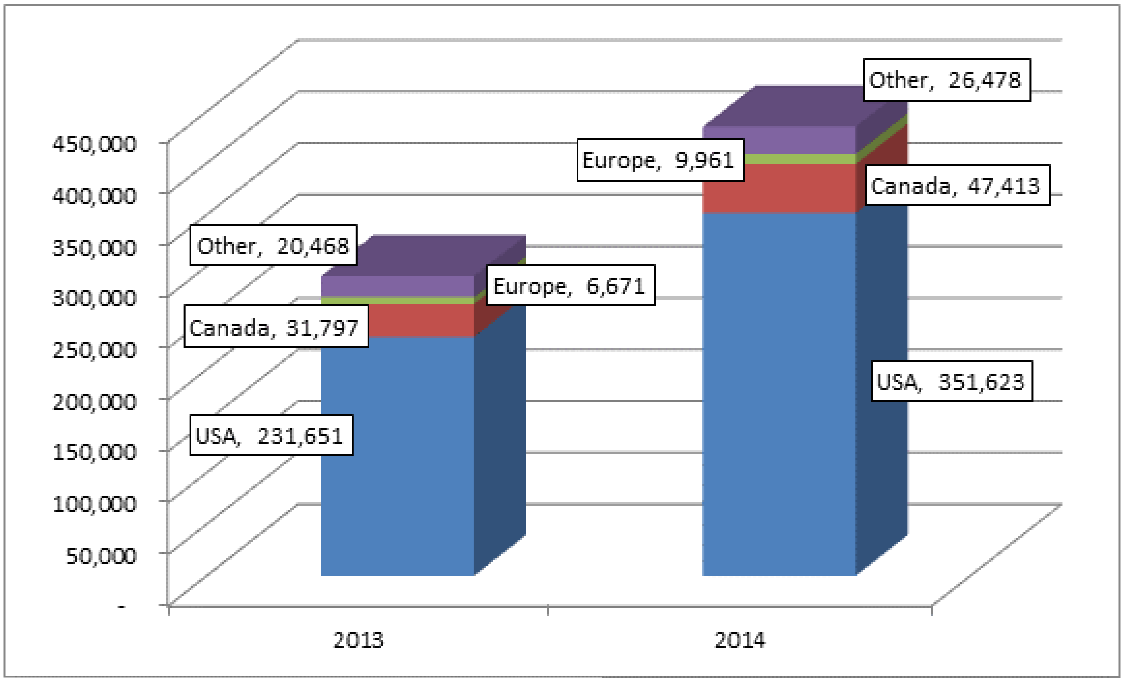
SECTION I. MARKET SUMMARY

The Turks and Caicos Islands (TCI) located in the Atlantic just southeast of The Bahamas and north of Haiti, is a self-ruling British Overseas Territory composed of over 40 islands and cays. The eight main inhabited islands are separated into two groups by the Columbus Island Passage. The Turks Group includes Grand Turk (which serves as the capital) and Salt Cay. The Caicos Group consists of West Caicos, Providenciales (commonly referred to as Provo), North Caicos, Middle Caicos, East Caicos and South Caicos. Provo is home to roughly two thirds of the territory's 37,000 inhabitants (2015 est.) and the lion's share of all commercial activity in the islands.

In 2014 the TCI government estimates GDP growth of 4.6 percent in real terms, reaching $797 million in current prices. The primary economic sectors of TCI are tourism, financial services, and to a lesser extent fisheries. Tourism is the largest of the three sectors with hotels and restaurants accounting for 39 percent of GDP. This figure easily surpasses 50 percent when tourism related construction and other related tourism activities are included. In 2014 TCI welcomed a record high 971,838 cruise passengers and 435,475 stop-over visitors to its shores, making it the fastest growing tourist destination in the Caribbean. U.S. visitors represented 80 percent of all stop-over arrivals in 2014. The reasons the impressive growth in TCI tourism are several:

- Harsh winters in North America (the main source of tourists visiting TCI) over the past years has encouraged travel to the region.
- There is considerable airlift from major gateways in North America and more lift is being added.
- Tourist authorities have conducted strong branding and positioning of TCI as a high-end, luxury destination. TCI caters to a recession-proof clientele, which in turn has helped maintain double-digit growth in arrivals even during the recent world economic recession.
- TCI has been successful at marketing itself year-round. Stop-over arrivals during the first and fourth quarters account for 60 percent of the total, while arrivals during the second and third quarters account for the remainder. This steady flow of visitors makes for a healthier, more stable sector.
- New hotel projects are in the works, including the arrival of either a JW Marriott or a Ritz Carlton (both brands are owned by Marriott International) to Provo, adding over 500 rooms to island's room inventory.
- TCI is working on expansion of hotels and resorts beyond developments on the Grace Bay area of Provo. There is demand for niche offerings on other islands which the sector is making efforts to capitalize on.
- TCI's image as a first-rate, luxury destination has been aided by Provo being named Trip Advisor's Travelers Choice 2015 pick for the world's top island and Grace Bay Beach as the second best beach.

Turks and Caicos Stay-Over Arrivals by Major Markets



Source: Turks and Caicos Tourist Board Statics Office

As noted, financial services are also a key driver in the TCI economy. The industry provides a wide array of services, such as company formation, offshore insurance, banking, trusts, limited partnerships and limited life companies. It is no surprise that thousands of overseas corporations are registered in TCI.

The TCI domestic food industry is practically non-existent. There is very limited production of select agricultural goods, mostly corn, beans, cassava, citrus fruits, and fish. All in all, agriculture and fish production represent a minute percentage (less than 1 percent) of GDP. Without a significant agricultural base, TCI must import practically all of its food needs. In 2014, TCI imported $27.6 million worth of consumer oriented and fish products from all sources. U.S. firms hold a near monopoly on the supply of agricultural goods. Local grocery stores, of which there are only six on Provo, inventories' reflect that of a typical Florida store, albeit at anywhere from double to 2.5 times the prices. Canadian and European products may be found in limited quantities, but even these goods transit through the Port of Miami, which twice weekly sends a container ship to Provo. Dominican and Haitian boats—not containers ships— intermittently bring assorted produce and consumer goods as well.

U.S. Exports of Consumer-Oriented Agricultural Products and Fish Products to TCI
(Thousands of dollars)

Product	**2010 Value**	**2011 Value**	**2012 Value**	**2013 Value**	**2014 Value**	**Jan-Oct 2014 Value**	**Jan-Oct 2015 Value**	**% Change**
Consumer Oriented Total	14,553	16,304	17,721	19,545	23,224	18,995	19,218	1
Poultry Meat & Prods.(ex. eggs)	2,084	2,182	3,330	4,159	3,688	3,092	2,931	-5
Beef & Beef Products	2,128	2,866	3,106	3,029	3,638	2,987	3,358	12
Wine & Beer	2,421	2,287	2,013	1,932	2,741	2,195	1,799	-18

Non-Alcoholic Bev. (ex. juice)	1,930	2,248	1,638	1,226	1,726	1,434	1,387	-3
Dairy Products	867	1,302	978	1,160	1,685	1,322	1,532	16
Fruit & Vegetable Juices	1,072	1,271	1,528	1,428	1,571	1,297	1,542	19
Pork & Pork Products	592	577	807	1,222	1,550	1,282	1,052	-18
Snack Foods NESOI	673	778	797	1,081	1,212	1,034	1,087	5
Other Consumer Oriented	1,026	1,001	1,154	986	1,012	717	943	32
Fresh Fruit	137	126	552	673	1,004	873	492	-44
Fresh Vegetables	404	352	314	570	764	644	484	-25
Processed Vegetables	170	202	277	288	544	426	603	42
Eggs & Products	91	100	136	295	481	388	402	4
Meat Products NESOI	139	271	315	258	437	324	539	66
Prepared Food	274	313	190	244	278	230	291	26
Dog & Cat Food	204	131	204	560	267	253	200	-21
Breakfast Cereals	111	94	46	162	216	189	213	13
Processed Fruit	3	13	84	114	190	153	73	-52
Chocolate & Cocoa Products	160	88	134	74	142	103	177	72
Tree Nuts	11	15	28	49	54	38	62	62
Condiments & Sauces	56	86	87	37	27	15	50	247
Fish Products	752	1,162	1,222	1,310	1,872	1,504	1,785	19
TOTAL	15,304	17,466	18,943	20,855	25,096	20,498	21,003	2

Source: U.S. Bureau of the Census Trade Data.

Overview of Market Advantages and Challenges Facing U.S. Exporters in the Turks and Caicos	
Advantages	**Challenges**
About 80 percent of tourists are Americans.	Importers already carry many major U.S. brands.
Twice-a-week freight service from Southern Florida to Provo ensures rapid delivery of your product	While brand is important, importers will also consider a competitor with lower prices.
A rapidly increasing number of tourists have visited Turks and Caicos in the last two years	While TCI caters to high-end visitors which have a relatively inelastic demand, the tourism sector is still vulnerable to several factors such as airlift, hurricanes, terrorist activity, etc.
Local distributors/wholesalers are always looking for new products to bring to market	Local distributors/wholesalers hold great leeway, and winning their cooperation is necessary.
A wide range of restaurants and menus to meet demands of tourists requires a wide variety of products.	Restaurants typically rely on local distributors, and individually only have small needs
Locals are exposed to television direct from the United States and the commercials for American products.	Other competitors are also targeting the Caribbean. The expansion of the Panama Canal, which is expected to be completed in 2016, may open the door to greater competition from Asia.
A common currency (U.S. dollar) eases transactions with TCI customers.	

SECTION II. ROAD MAP FOR MARKET ENTRY

A. Entry Strategy

Due to the small market size and the limited freight service to TCI, U.S. companies looking to establish a presence in the country should work with local wholesale distribution companies. (Most of these also double as retail outlets.) Graceway is the main food service distributor and retailer in Provo. Some hotels and restaurants may import specialty goods (e.g. Salmon) directly, albeit in limited quantities. A trip to TCI, particularly to Provo which is the main commercial hub, is highly recommended for U.S. suppliers looking to penetrate the market.
U.S. food products represent near all products imported by local purchasers, who associate the U.S. market with high quality and reliability.

B. Market Structure

Although distribution to the HRI sector is dominated by Graceway, local retail stores also import and wholesale their products to the various HRI outlets in the Turks and Caicos Islands, while also selling their imported goods in their stores. Some chefs directly import select items from U.S. stores in order to distinguish their fare from that offered by local retailers.

C. Sub-Sector Profiles

1. Hotels

As of 2015 TCI has approximately 3,000 hotel rooms, compared to 2009 when 2,632 rooms where available. Hotel options include all-inclusive resorts, luxurious hotels, condos, self-catering apartments and villas. Villas and condos owners and timeshares have served to even out to a small degree the ebb of the tourist low season. Club Méditerranée, the inclusive resort chain commonly known as Club Med, arrived in Turks and Caicos during the 1980s and was the first large resort of its kind. Since then, large developments such as The Regent Palms and The Sands at Grace Bay have made their way to TCI. The current development of a Marriott International hotel marks the first arrival of a large American chain. On the high-end of luxury, Parrot Cay is a privately-owned island commonly frequented by the rich and famous. The island contains approximately 1,000 acres, and is owned by Como Hotels and Resorts. TCI's room inventory is expected to rise to approximately 5,000 by 2017. Upcoming hotel/condo projects recently announced include:

- The Shore Club, Provo
- Third Turtle, Provo
- The Residences, Provo
- Great House, Sailrock, South Caicos
- Hotel & Marina, Grand Turk
- Molasses Reef, West Caicos
- JW Marriott, Provo

The following table shows some of the most prominent hotels in TCI.

Name	**Sales**	**Outlet Type**	**Location**	**Purchasing Agent(s)**
Alexandra Resort	n/a	All-Suite Hotel	Grace Bay Beach, Provo	Most hotels buy primarily from Graceway, a local food distribution company. They may also supplement their purchases from local retail food outlets which often wholesale. High-end establishments may also fly in specialty items on a regular basis.
Sands at Grace Bay	n/a	All-suite luxury resort	Grace Bay Beach, Provo	
The Somerset on Grace Bay	n/a	Villas and suites	Grace Bay Beach, Provo	
Grace Bay Club	n/a	a) Hotel; b) family friendly resort; and c) luxury resort	Grace Bay Beach, Provo	
The Venetian on Grace Bay	n/a	All-suite luxury resort	Grace Bay Beach, Provo	
Parrot Cay by COMO	n/a	Luxury resort	Parrot Cay	
Club Med	n/a	Adult-only all-inclusive resort	Northeastern end of Provo	
The Palms Turks & Caicos	n/a	Luxury Resort	Grace Bay Beach, Provo	
Blue Haven Resort	n/a	Resort & Marina	Leeward, Provo	
Gansevoort Turks & Caicos	n/a	Luxury Resort	Grace Bay Beach, Provo	

2. Restaurants

TCI has over 70 restaurants catering to tourists and locals as well. Establishments offer both gourmet and more traditional food. Eateries tend not to base their menu on a particular country or region, but instead fight to distinguish themselves on quality. Competition in the high-end of the market can be particularly fierce, with many places fighting for the same tourist clientele. Local advertising in tourist magazines is packed with glossy, full-page spreads of different restaurant offerings, particularly of seafood. On the other end of the market, a brace of hearty-fare, including a healthy number of burgers-and-fries outlets, predominate. No matter the clientele each restaurant wishes to attract, all see more sales during the busy season, and some even have to close for a couple of months during the slow season (e.g., August-September). As is the case with most hotels, restaurants owners and chefs will purchase foods from local distributors and retail food outlets. High-end establishments may also fly in specialty items on a regular basis.

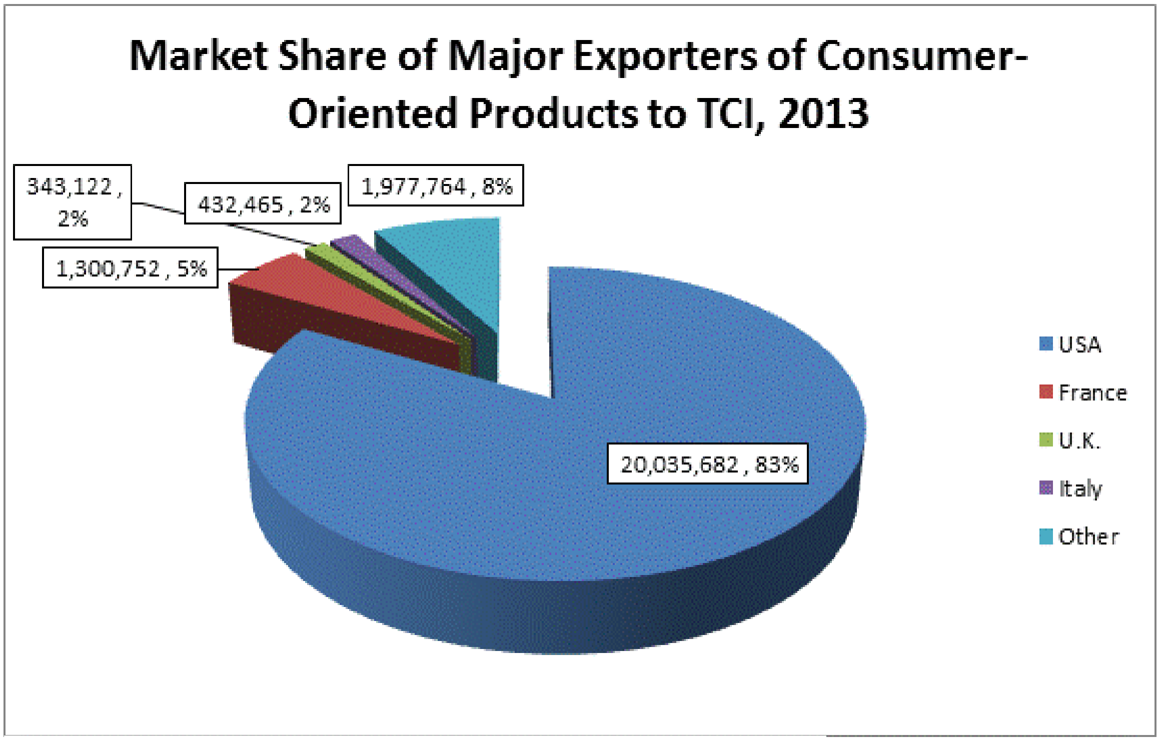
TCI's food culture and its demand for high quality foods have experienced considerable expansion in recent years. Provo, TCI's culinary capital, boasts an impressive variety of top-rated restaurants as well as "who's who" list of chefs and culinary experts. In November 2015 TCI celebrated its fifth Caribbean Food & Wine Festival. The festival offers the opportunity to showcase local culinary talent as well as delight in creations from renowned international guest chefs and winemakers. This event has rapidly become one of the premier culinary events in the Caribbean.

3. Institutions

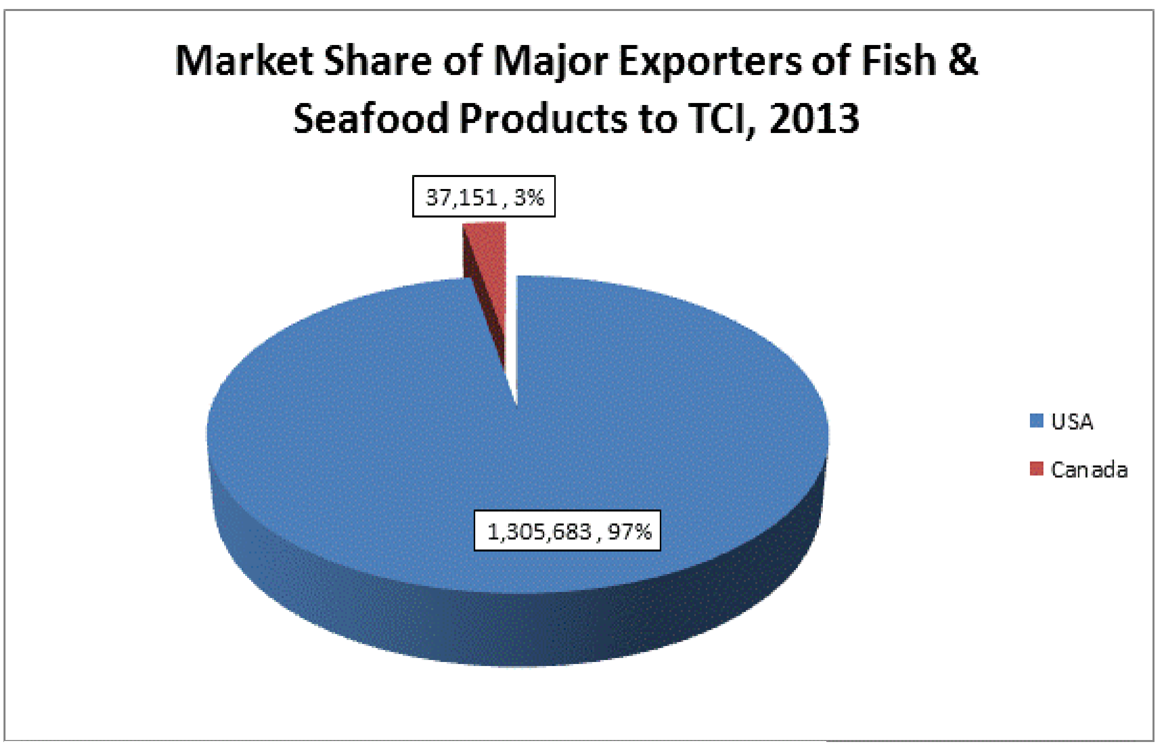
Due to TCI's small size and population relative to the number of tourists that visit, the institutional food sector represents a very small segment of the market. There is one hospital on Provo and another on Grand Turk, and two prisons on Grand Turk.

SECTION III. COMPETITION

Competition for U.S. suppliers is scarce in TCI. Based on export statistics of reporting countries as compiled by Global Trade Atlas, U.S. share of the TCI consumer-oriented product market is in excess of 80 percent. For fish and seafood products U.S. market share is a dominant 97 percent. France, the U.K., Italy, the Netherlands and Chile represent, in order of descending importance, the main competition for U.S. consumer-oriented products. For fish and seafood products, Canada is the second largest supplier. Although regional suppliers (Jamaica, the Dominican Republic, and Haiti) do not necessarily report exports to TCI, benefit from proximity and thus do ship produce and other products to TCI on a regular basis. For the most part, European suppliers are limited to specialty items that have more generous margins that can compensate for the high cost (even for Turks and Caicos) of shipping. The graphs that follow illustrate the TCI market share of the United States in terms of consumer-oriented products and fish & seafood products.



Source: Global Trade Atlas (based on export statistics of reporting countries)



Source: Global Trade Atlas (based on export statistics of reporting countries)

Product	Major Supply Sources (Market Share	Strengths of Key Supply Countries	Advantages and Disadvantages of Local Suppliers

Category	Percentage)		
Beef	1. United States (98.8) 2. Canada (1.2)	1: Quality, value in terms of red meats	No local supply and extremely limited regional export supply.
Dairy (ex. Cheese)	1. United States (76.5) 2. Germany (4.2) 3. Peru (1.7) 4. Netherlands (0.1) 5. Other (17.5)	1: Quality, variety, and price.	No local supply and extremely limited regional export supply.
Wine & Beer	1. United States (48.2) 2. France (21.0) 3. Italy (6.5) 4. Netherlands (5.6) 5. U.K. (5.1) 6. Chile (4.9) 7. Other (8.7)	1: Quality, variety, and price.	No local supply and extremely limited regional export supply.
Pork	1. United States (93.9) 2. Canada (1.2)	1: Quality, variety, and price.	No local supply and extremely limited regional export supply.
Processed Foods	1. United States (48.2) 2. France (7.2) 3. Italy (2.7) 4. U.K. (2.6) 5. Netherlands 1.7) 6. Canada (1.6) 7. Other (36)	1: Quality, variety, and price.	No local supply and limited regional export supply.
Fish & Seafood	1. United States (97.6) 2. Canada (2.4)	1: Quality, variety, and price.	Species variety of local supply is limited.

Source: Supply sources from Global Trade Atlas (based on export statistics of reporting countries)

SECTION IV. BEST PRODUCT PROSPECTS

With tourism on the ascent and the vast majority of all food and beverages being sourced from the United States, the opportunities for U.S. suppliers are plentiful in this small market. USDA data show record export levels in 2014 for beef & beef products, pork and pork products, eggs & products, dairy products, fresh and processed fruit, fresh vegetables, fruit & vegetable juices, snack foods, breakfast cereals, wine & beer, and fish products. The United States has a dominant market share in practically all product categories. Non-U.S. products generally occupy small niche segments of the market.

Retailers (which as mentioned earlier also double as suppliers to the HRI sector) almost uniformly report that market trends that have their roots in the United States tend to transition over to TCI, helped no doubt by the large number of American tourists that visit. Current such trends include growing demand for organic, gluten-free, and healthy products.

Product Category	**Market Size (Volume)**	**Imports ($), 2014**	**5-Yr. Annual Import Growth**	**Import Tariff Rate (%)**	**Key Constraints**	**Market Attractiveness for USA**
Beef	330 T	3,326,870	12.8	0	n/a	Virtually all categories of U.S. consumer-oriented and fish products do well in TCI. An import-friendly regulatory environment and the fact that practically all foods imported into TCI are channeled through South Florida gives U.S. suppliers a unique advantage in the market.
Dairy (ex. Cheese)	565,000 L	1,473,846	14.8	0-15	n/a	
Cheese	77 T	545,705	12.4	10	n/a	
Poultry	1,978 T	3,582,363	12.5	0	n/a	
Wine & Beer	1,692. 542 L	5,683,983	9.7	$11.91 - $21.38/gallon	Local brewer and regional neighbors also supply the market	
Fruit & Vegetable Juices	1.067,726 L	1,282,215	24.7	15-40	n/a	
Pork	269 T	1,203,334	12.4	0	n/a	
Processed Foods	n/a	19,737,611	7.8	0-40	n/a	
Fish & Seafood Products	228 T	1,911,085	22.7	15-40	n/a	

Sources: Market size, imports and import growth from Global Trade Atlas (based on export statistics of reporting countries). Import Tariffs from TCI Customs Tariff (General) Order 2010.

SECTION V. POST CONTACT & OTHER INFORMATION SOURCES

A. For more information on Turks and Caicos, please contact:

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Foreign Agricultural Service
United States Department of Agriculture
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Miami, FL 33131
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Please visit our website for more reports and information on islands of the Caribbean Basin: http://www.cbato.fas.usda.gov

B. Other Sources of Information on Turks and Caicos:

The websites listed below are provided for the reader's convenience; USDA does NOT in any way endorse, guarantee the accuracy of, or necessarily concur with the information contained in these websites.

Turks and Caicos National Chamber of Commerce
Tel: (649) 332-6418
E-mail: office@chamberofcommerce.tc
Website: http://chamberofcommerce.tc/

Turks and Caicos Tourism Board
Tel: (649) 946-4970 (Provo);   Fax: (649) 941-5494 (Provo)
E-mail: info@turksandcaicostourism.com
Website: www.turksandcaicostourism.com

Turks and Caicos Hotel and Tourism Association
Tel: (649) 941-5787 or [1] (800) 456-5880
E-mail: info@turksandcaicoshta.com
Website: www.turksandcaicoshta.com